88-755 (1)

No. 88-_____

Supreme Court, U.S.
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In the Supreme Court of the United States
October Term, 1988

ESTATE OF DEAN M. VANE
PETITIONER

VERSUS

THE FAIR, INC., ET AL
RESPONDENTS

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FIFTH CIRCUIT

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QUESTIONS PRESENTED

1. Certiorari should be granted where the Court of Appeals and the District Court erred in holding that Appellant, Estate of Dean Vane, failed to prove gross revenues attributable to the infringement committed by Appellee, The Fair, Inc. because Appellant failed to apportion profits attributable to the infringement from those elements of profits attributable to factors other than the infringement.

2. Certiorari should be granted where the Court of Appeals and the District Court erred in holding that Appellee, Vance-Mathews, Incorporated was an innocent infringer of the copyrights of Appellant, Estate of Dean Vane.

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NO. 88- _____

IN THE SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1988

ESTATE OF DEAN M. VANE

Petitioner

vs

THE FAIR, INC., ET AL

Respondents

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FIFTH CIRCUIT

Petitioner, Estate of Dean M. Vane respectfully prays that the Petition for Writ of Certiorari to the United States Court of Appeals for the Fifth Circuit be granted in this case.

OPINIONS BELOW

The opinions of the Court of Appeals for the Fifth Circuit that are

the basis of this petition are reported as ESTATE OF Dean M. VANE, Richard J. Vane, Executor substituted in place and stead of Dean M. Vane, Deceased, Plaintiff-Appellant Cross-Appellant v. The Fair, Inc. Defendant-Appellee, Cross-Appellant, Vance-Mathews, Incorporated, Defendant-Appellee 849 F.2d. 186 (5th Cir. 1988), rehearing denied. Copies of the opinion and order denying rehearing are attached hereto in Petitioner's Appendix at A 1 - A 15.

Other opinions below pertinent to the determination of this case are:

U.S. District Court The decision of the U.S. District Court for the Eastern District of Texas, Beaumont Division, is reported as Dean M. Vane, Plaintiff v. The Fair, Inc. and Vance-Mathews, Incorporated, Defend-

ants 676 F.Supp. 133 (D.C. E.D. Texas 1987)

A copy of the opinion is attached hereto in Petitioner's Appendix at A 16 - A 26.

JURISDICTION

Petitioner invokes the jurisdiction of this Court by way of a Petition for Writ of Certiorari through the authority of 28 U.S.C. § 1254 (1).

STATEMENT OF THE CASE

A. Substantive Facts

The trial court action arose under the Copyright Act of 1976, Public Law 94-553, 94th Congress, U.S.C., Title 17, Sections 101 et seq., as amended.

Appellant, Dean M. Vane, was an individual proprietorship (a commer-

cial photographer), resided in Dallas, Texas, and was a citizen of the United States and of the state of Texas. Subsequent to the verdict of the trial court, Dean M. Vane died, and the Estate of Dean M. Vane was substituted as Appellant.

Appellee The Fair, Inc. is a corporation of Texas with offices in Beaumont, Dallas, and Houston, Texas and Appellee Vance-Mathews, Incorporated is a corporation of Texas, having offices in Beaumont, Dallas, and Houston, Texas.

During the period from about March 1, 1983 to May 31, 1984, inclusive, Appellant, a commercial photographer, took a series of photographs for Appellee, The Fair, Inc. expressly for advertising mailers.

The photographs are wholly original with Appellant and are the

subject of Copyright Registrations Nos. VAu74-807, VAu74-808, and VAu88-770. Appellant was and his successors are still the sole proprietors of all rights, title and interests in and to the copyright in said photographs. Appellant sold the slides containing the photographs to the Appellee, The Fair, Inc. but did not transfer the copyright to the photographs nor did he grant any license for use other than for the stated purpose of advertising mailers.

While Appellee The Fair, Inc. was authorized to use the photographs in mailers, it was never authorized to publish the photographs without a copyright notice. Appellant had never published his photographs, and there was never an authorized publication without copyright notice. Appellee

The Fair, Inc. published the photographs without a copyright notice (without Appellant's authorization) and at trial, tried to question the validity of the copyright registrations because of the lack of a notice for which it was responsible.

Appellee The Fair, Inc. caused television commercials to be produced by Appellee, Vance-Mathews, Incorporated, and said Appellee then caused the commercials to be shown on a number of television stations in east Texas and Louisiana. Appellee Vance-Mathews, Incorporated profited directly from the production of the commercials and/or the placement of the ads. Appellee The Fair, Inc. profited from the showing on television of the commercials in the sale of goods in its stores, such profits being attribut-

able to the use of the Appellant's photographs.

B. Procedural History

The Appellant, Dean M. Vane, filed suit No. B-84-1267-CA in the United States District Court for the Eastern District of Texas, Beaumont Division against Appellees, The Fair, Inc. and Vance-Mathews, Incorporated for copyright infringement.

Answers were filed by Appellees, and depositions of the parties and witnesses were taken, and Appellant filed a motion for summary judgment which was denied by the trial court. The case was tried to the Court and, after Appellant rested his case, a directed verdict was granted on behalf of Appellee, Vance-Mathews, Incorporated Appellee, The Fair, Inc. then put on its defense, and judgment was rendered in favor of

Appellant for $60,000.00 in actual damages. Holding that Appellant, Estate of Dean M. Vane failed to prove that Appellee, The Fair, Inc. made profits attributable to the infringement, the trial court made no award of profits of Appellee, The Fair, Inc. to Appellant.

Appellant, Estate of Dean M. Vane appealed the verdict of the trial court to the Fifth Circuit Court of Appeals, and the holdings of both the trial court and court of appeals are set out in the appendix attached hereto.

REASONS FOR GRANTING THE WRIT

ARGUMENT

1. Certiorari should be granted where the Court of Appeals and the District Court erred in holding that Appellant, Estate of Dean M. Vane, failed to

prove gross revenues attributable to the infringement committed by Appellee, The Fair, Inc. because Appellant failed to apportion profits attributable to the infringement from those elements of profits attributable to factors other than the infringement.

Webster's Dictionary defines the word "attributable" as "to explain by indicating a cause." Using the testimony adduced during pre-trial discovery, and Appellee's own profit and loss data, this is exactly what Appellant, Estate of Dean M. Vane's proof on multiple regression analysis did. Appellant, Estate of Dean M. Vane, submits that Congress used the word "attributable" in the 1976 Act to allow the copyright owner to recover profits which are derived through an

infringing business activity from which profits do not directly flow. This allows for recovery of profits attributable to advertising in the case of a merchant who uses such advertising, or profits from a party who produced such an infringing advertisement for profit.

In proving profits, it should be noted that Appellant, Dean Vane, need only show profits attributable to the infringement. If the infringing activity shows a profit, it is irrelevant that the profit was not sufficient to overcome losses in other parts of the infringer's operations. In other words, a profit is still a profit whether it is measured from a point of loss, from a neutral point, or from a profit level.

The Second Circuit addressed the very same point in Wilkie v. Santly Brothers, Inc., et al. 139 F.2d 264 (2d Cir. 1943), citing Tilghman v. Proctor (Supreme Court) 125 U.S. 136; Fox Typewriter Co. v. Underwood Typewriter Co., (6th Cir.), 287 F. 447. If it was proved that it lost less because of the infringement, to that extent the infringement gave it a profit for which it must account. Mowry v. Whitney, 14 Wall. 620; Brown Bag-Filling Machine Co. v. Drohen, 171 F. 438.

An infringer's sales may be shown by financial records where they are available, but where records are not available, expert testimony may be used to develop such proof. Shapiro Bernstein & Co. v. Remington Records, Inc. 265 F.2d 263 (2d Cir. 1959)

In the present case, Appellee, The Fair, Inc. was unable to produce financial records or an evaluation of its own records which would identify the volume of sales attributable to the infringement and the proper deductions allowable against such deductions. This is clearly a "failure to keep records" noted by the court in Shapiro Bernstein & Co. v. Remington Records, Inc. 265 F.2d 263 (2d Cir. 1959); a reason for using expert testimony.

Appellant, Dean Vane, therefore relied upon the testimony of a marketing expert, Herbert L. Lyon, PHD of the University of Houston.

Dr. Lyon, testified that Appellee, The Fair, Inc.'s profits from television advertising during the periods that the copyrights were infring-

ed, inclusive of prejudgment interest, was in excess of $694,000. This was presented not as a guess or speculation, but as an expert opinion based on strong mathematical and statistical correlation.

Initially, the problem was thought to involve a preliminary determination of what specific products were advertised, and then making a determination of any increase in the sales of those products during the relevant periods. However, Appellee, The Fair, Inc. was unable to provide the necessary data for this endeavor. In fact, had Appellees been able to provide the data from which an "incremental sales analysis" would have been made, a large part of the profits that are realized through television advertising would have not been captured.

Dr. Lyon's analysis was able to capture the effect of such things as the latent effect ("carryover") as well as the "crossover effect" (customer sees ad for shirt, visits store but buys jeans instead) peculiar to sales generated by television advertising, which otherwise would have remained unaccounted for by such an incremental analysis. Dr. Lyon presented a mathematical and statistical model based entirely on sales data and advertising expenditures data of Appellee, The Fair, Inc. for the years 1980 - 1986. His analysis indicated the effect of advertising as well as the lack of advertising on profits, and provided a detailed and highly accurate analysis of the effectiveness of Appellee's television advertising.

The purpose of Dr. Lyon's analysis was to indicate a dollar rate of return per dollar spent on television advertising and to calculate the sales attributable to the advertising using Dean Vane's photographs (slides). In fact, the model was based on several years of data provided by The Fair Inc., and was able to accurately predict sales experienced by The Fair, Inc. This ability of the model to predict The Fair, Inc.'s actual sales verifies the model's accuracy.

At the trial, The Fair, Inc. did not impune the accuracy or reliability of Dr. Lyon's model and, in fact, assumed the accuracy of his model as to Appellee's profits attributable to the infringement in questioning the bookkeeper who appeared as The Fair, Inc.'s expert. The advertising

vice-president of Appellee, The Fair, Inc. indicated that he would not be surprised if the ratio between television advertising and sales was between 1:10 and 1:20. Many months later, the same gentleman changed his mind, and gave his "revised" opinion that the relationship between Appellee's advertising expenditures and return on dollar investment was 1:5. That is to say that it was admitted that for every dollar Appellee spends on advertising (all advertising), it derives a return of five dollars. When asked how The Fair, Inc. was able to lower its opinion of the return on advertising, Mr. Glinsky responded "[By] Taking the total-- and basically we had to do it by a good guesstimate as opposed to direct figures." Coincidentally, Dr. Lyon found the relat-

ionship for all of The Fair, Inc.'s advertising to be 1:13. The trial court nevertheless, found that all the evidence presented by Appellee, Vane on the issue of profits attributable to the infringement to be "totally speculative".

Dr. Lyon testified that his regression analysis of the Appellee's profits had a confidence level of greater than 95%, that the probability that the dollar return on each dollar spent on television advertising by Appellee, The Fair, Inc. being due to chance is about 1.8 chances in one hundred (100), and finally that the probability that the model as a whole was due to chance was less than one (1) chance in ten thousand (10,000). This is hardly what one might call speculative.

This technique used by Dr. Lyon was a multiple regression formula of the type relied upon by the United States government in anti-trust cases, minority discrimination cases and the like, and the accuracy of the model was well within the minimum standards for statistical evidence set by various Circuit Courts (including the 5th Circuit) in the United States. Lewis v Bloomsburg Mills, Inc., 773 F.2d 561 at 569 (4th Cir. 1985) Johnson v Uncle Ben's, Inc., 628 F.2d 419 (5th Cir. 1980) and see, Albemarle Paper Co. v Moody, 422 US 405, 95 S Ct 2362. Also, Fisher, Multiple Regression in Legal Proceedings, 80 Colum. L. Rev. 702 (1980).

Dr. Lyon testified, and Appellee produced no testimony to the contrary, that the technique used is one

generally accepted by expert economists and used in the business world. In fact, his technique is the very one which would be used by a business trying to obtain a definitive correlation of advertising with sales, and, as admitted by Appellee, The Fair, Inc., is truly the only accurate way for a retailer to assess the effectiveness of its television advertising.

Appellee, The Fair, Inc. during its defensive manuvering at trial, never called into question either Dr. Lyon's credibility or sincerity, but merely asserted that the regression analysis method is speculative. Defendant, Appellee called no expert witness to point out any deficiency, error or any problem whatsoever in the regression method, and as stated in Appellant's brief, merely sought to

cast doubt in the mind of the fact-finder about the method's efficacy. Thus, the trial court had no evidence or insufficient evidence to reject this statistical assessment of profits earned by Appellee, The Fair, Inc.

Lewis v Bloomsburg Mills, Inc., 773 F2d 561 at 574 and 575 (4th Cir., 1985):

> "But Bloomsburg offered no countering evidence (emphasis added) tending to suggest that a particular factor not worked into Mann's regression analysis would indeed provide a more substantial non-discriminatory explanation or at least by that specific means draw Mann's analysis in direct question. Indeed, the basic accuracy of Mann's methodology was not seriously challenged by Bloomsburg's expert, whose testimony was essentially aimed only at pointing up the methodology's ultimate limitation and in questioning some of its incidental aspect."

Because the statistical regression analysis as explained by Dr. Lyon had such a high confidence level,and is based upon documentary

evidence, it is entitled to consideration by the trial court as having satisfied all standards for such evidence. The Court in Bloomsburg found that that regression analysis was "convincing" saying:

> "Unchallenged expert opinion testimony established (emphasis added) that such a disparity was statistically significant in the sense that the probability that it might be explained by chance alone was no better than one in one thousand. This clearly satisfied the standards we have imposed for finding from statistical evidence of this sort, whether or not supported by other non-statistical evidence, a pattern or practice of race or other illegal employment discrimination. (id. at 569)"

A five percent (5%) significance level has been held the proper minimum permissible level of statistical evidence. See W. Dixon & F. Massey, Introduction to Statistical Analysis 100 (3rd ed. 1969; and also Beyond the

Prima Facie Case in Employment Discrimination Law; Statistical Proof and Rebuttal, 89 Harv.L.Rev. 387, 400-401 at n. 58 (1975) and cases cited therein.

Although The Fifth Circuit Court of Appeals concluded the portion of its opinion relating to proof of profits by stating that it "merely hold(s) that it was not error for the district court to reject this attempt to show revenues attributable to the infringement as speculative," the entire rationale used to do so rests upon an improper placement of the burden of proof. The Fifth Circuit Court of Appeals held that the burden of proof to apportion profits not attributable to the infringement from the profits attributable to the infringement rests with the copyright

owner. This is contrary to holdings in the 2nd, 7th and 9th circuits, see, Taylor v. Meirick 712 F2d 1112 (7th Cir. 1983); Sygma Photo News, Inc. v. High Society 778 F(2d) 89 (2nd Cir. 1985) and Russell v. Price 612 F2d 1123 (9th Cir. 1979) More specifically, the Court applied an improper burden of proof by holding that Vane had not apportioned the amount of "profits" attributable to that portion of the television ads containing the infringing slides from "profits" attributable to the commercials as a whole. This is contrary to two U.S. Supreme Court cases and the lower court cases applying those decisions. Callaghan v. Myers 128 U.S. 617 (1888) Sheldon v. Metro-Goldwyn Pictures Corp., 309 U.S. 390 (Sup. Ct. 1940) Abkco Music, Inc. v. Harrisongs Music,

Ltd.722 F.2d 988, 999 (2d Cir. 1983) Neal v. Thomas Organ Co. 241 F.Supp. 1020 (S.D. Cal. 1965)

The Fifth Circuit Court of Appeals held that Vane did not carry the burden of proof as to the amount of profits attributable to the infringement because Appellant Vane's expert, Dr. Lyon, did not specify what portion of the profits from each television commercial were attributable to the infringing slides.

While the burden of proof of profits is on the Appellant copyright owner, it is well established that this goes only to the proof of gross sales. Title 17 USC § 504(b) specifically provides that in establishing the infringer's profits, the copyright owner is required to present proof only of the infringer's gross reven-

ues, and the infringer is required to prove the deductible expenses and elements of profit attributable to factors other than copyrighted work. Once some reasonable evidence of the infringer's gross sales is presented, the copyright owner has met the burden of proof. The burden then shifts to the Appellee infringer to show (a) proper deductions from gross sales which may be made to show net profits, and (b) apportionment, where proper, between the profit attributable to the infringement and not attributable to the infringement. The infringer must then prove every element of deduction for relevant expenses, both direct and indirect. Taylor v. Meirick 712 F.2d 1112 (7th Cir. 1983) Thomas Wilson & Co. v. Irving J. Dorfman Co. 433 F.2d 409 (2d Cir. 1970).

Taylor v. Meirick 712 F2d 1112 (7th Cir. 1983):

> "Copyright owner seeking to establish infringer's profits is required to present proof only of infringer's gross revenue, and infringer is required to prove deductible expenses and elements of profit attributable to factors other than copyrighted work; copyright owner could make prima facie case for award of infringer's profit by showing infringer's gross revenues for sale of infringing work, but award of infringer's profits cannot simply be rested on tax return showing gross revenues from everything sold."

Sygma Photo News, Inc. v. High Society 778 F(2d) 89 (2nd Cir. 1985), in affirming the district court, held:

> "The district court awarded summary judgment against Doorjam and Drake as infringers of the copyright of the photograph. The parties then avoided a damages trial by stipulating to the facts necessary for the court to determine damages. Noting that once gross revenues from the infringing work were established the burden rested

upon the infringer to prove those expenses that should be deducted to establish profit."

Lottie Joplin Thomas Trust v. Crown Publishers, Inc. 591 F2d 651 (2d Cir. 1978):

"Infringers have burden of proving what portion of their total profits resulted from non-infringing recordings; placing apportionment burden on infringers, best comports with Second Circuit Court of Appeal's admonition that in apportioning profits **every indulgence should be granted copyright owner in attempt to arrive at sum that is assuredly adequate**; this is precisely approach taken in revised Copyright Law; thus, 17 U.S.C. Section 504(b) (1976) provides that infringer is required to prove elements of profit attributable to factors other than copyrighted work; placing apportionment burden on infringer is sensible, since in most cases all information regarding profits is exclusively in his possession." (emphasis added)

Russell v. Price 612 F2d 1123 (9th Cir. 1979):

"Infringer's profits to which copyright proprietor may

be entitled consist of gross receipts or sale profits from infringing use of work, which it is copyright proprietor's burden to establish, less any direct costs incurred by infringer in connection with unauthorized use, on which infringer bears burden of proof; if infringer does not assume this burden, or if its attempt to do so is found unacceptable by court, then gross figure is left to stand as profit factor under 17 U.S.C. 101(b)" (emphasis added).

MCA, Inc. v. Wilson 677 F2d 180 (2d Cir. 1981):

"Profit" was not defined in Copyright Act and therefore must be assumed to have its ordinary or usual meaning; salary paid president of cabaret where infringed song was played as part of show, who, although he was in charge of premises, had nothing to do with this show, where there was no proof that annual salary he was paid was contingent upon or fixed by profits of show, and, moreover, other shows were being performed on premises, was not profit from infringed song. (emphasis added)

The U.S. Supreme Court in Callaghan v. Myers 128 U.S. 617 (1888) held that the Appellee must bear the

burden of paying all of the profits since it was he who caused the mingling of the infringing and non-infringing elements. The court's decision in the present case is clearly contrary to the holding of the Supreme Court in Callaghan v. Myers.

Sheldon v. Metro-Goldwyn Pictures Corp., 309 U.S. 390 (Sup. Ct. 1940) modified this holding somewhat, and allowed apportionment. However, it did not overrule Callaghan v. Myers but rather construed the prohibition against apportionment only where there is insufficient evidence to provide a fair basis of division.

In the present case, the Fifth Circuit Court of Appeals bypassed the matter of apportionment by holding that Appellant, Estate of Dean M. Vane failed to prove "gross revenues attri-

butable to the infringement." Appellant would show that in so doing, the Fifth Circuit Court of Appeals has applied an unreasonably narrow definition of "infringement" that would effectively change the entire burden of proof specifically delineated by Congress in Title 17 U.S.C.

The cases applying apportionment generally involve situations where one infringing song is on a record with ten non-infringing songs or where other factors are present as in Sheldon v. Metro-Goldwyn Pictures Corp. In Sheldon, the infringement was of a play used in a movie, but the court found that about 80% of the profit was due to the stars in the movie rather than the plot used.

Abkco Music, Inc. v. Harrisongs Music, Ltd. 722 F.2d 988, 999 (2d

Cir. 1983), however, held that where an infringement is deliberate no apportionment is permissible. This case is on similar to the present case in that only part of the total work involved the infringement yet apportionment was disallowed.

Neal v. Thomas Organ Co. 241 F.Supp. 1020 (S.D. Cal. 1965) refused apportionment on the grounds that the non-infringing material would have no commercial value if separated from the infringing material, even if it did have a value when sold in conjunction with the infringing material. This case is on "all fours" with the present case in that only part of the total work involved the infringement and The Fair's testimony was that the non-infringing material would have no commercial value if separated from the

infringing material, even if it did have a value when sold in conjunction with the infringing material.

In both cases, however, the burden of proof to apportion the profits not attributable to the infringement from profits attributable to the infringement is on the infringer, not on the copyright owner.

2. Certiorari should be granted where the Court of Appeals and the District Court erred in holding that Appellee, Vance-Mathews, Incorporated was an innocent infringer of the copyrights of Appellant, Estate of Dean M. Vane.

The court, in affirming the trial court, applied the defense of innocent infringement set forth in 17 USC 405(b) improperly where Vance-Mathews relied upon the omission of

copyright notice from an unpublished copy or the original of the copyrighted work. Twentieth Century-Fox Film Corporation v. Dunnahoo 637 F 2d 1338 (C.A. 9)

In the present case, the defense of innocent infringement set forth in 17 USC 405(b) was improperly allowed where Vance-Mathews relied upon the omission of copyright notice from an unpublished copy or the original of the copyrighted work rather than an "authorized copy" as specified in the statute.

The trial court and the Fifth Circuit Court of Appeals have both failed to appreciate the difference between the publication of an "authorized copy" without copyright notice and the absence of copyright notice from an unpublished or original work

for which there is no obligation to mark with the copyright notice.

There is no obligation under the law for a copyright owner to place a copyright notice on his work(s) until they are published.

Twentieth Century-Fox Film Corporation v. Dunnahoo

637 F 2d 1338 (C.A. 9):

> "Only authorized publications must carry copyright notice in order to maintain copyright protection for work."

Vance-Mathews, Incorporated's defense, both before the trial court and on appeal, has been a blend of the defense of innocent infringement and the defense of unintentional infringement or innocent intent. Neither Vance-Mathews, Incorporated nor the trial court appears to have recognized that there is any difference between these defenses.

The Law of Copyright, Nimmer, 1986, Matthew Bender and Company, Inc., Section 13.08 discusses at length the defense of innocent intent. In actions for statutory copyright infringement the innocent intent of the Appellee will not constitute a defense to a finding of liability. Where a Appellee's work is based upon a work furnished by a third party, the Appellee's ignorance that the third party has wrongfully copied from the Appellant will not immunize him from liability although it may affect the remedy. Costello Publishing Co. v. Rotelle 670 F.2d 1035 (D.C.Cir. 1981). In the present case, Vance-Mathews may have been ignorant of the existence of the copyright, but that should not excuse it from joint liability for its infringing acts.

The Fifth Circuit Court of Appeals affirmed on the basis of "innocent infringement," and, by inference, held that Vance-Mathews was misled by the omission of copyright notice from Vane's slides. The omission of notice from unpublished or original works, however, is not a basis for the innocent infringement defense.

The 1976 Act, 17 USCS 405(b):

> "Any person who innocently infringes a copyright, in reliance upon an authorized copy or phonorecord from which the copyright notice has been omitted (emphasis added), incurs no liability for actual or statutory damages under section 504 for any infringing acts committed before receiving actual notice that registration for the work has been made under section 408, if such person proves that he or she was misled by the omission of notice. In a suit for infringement in such a case the court may allow or disallow recovery of any of the infringer's profits attributable to the infringement, and may enjoin the continuation of the infringing

> undertaking or may require, as a condition for permitting the continuation of the infringing undertaking, that the infringer pay the copyright owner a reasonable license fee in an amount and on terms fixed by the court."

The statute covers essentially a situation where the infringer is entrapped by lack of notice of the copyright from a published work, i.e., an "authorized copy". The defense of innocent infringement raised by Vance-Mathews, Incorporated was not supported by the fact findings of the trial court. "Reliance upon an authorized copy or phonorecord from which the copyright notice has been omitted" in 17 U.S.C. 405(b) lies at the very heart of the innocent infringement defense. An "authorized copy or phonorecord from which the copyright notice has been omitted" means a copy or phonorecord published, i.e., pub-

licly distributed by or with authorization of the copyright owner. Omission of copyright notice from an unpublished copy is not relevant since Title 17 does not require copyright notice be placed on unpublished copies of the author's work.

Since there was neither a "public distribution" nor a "publication" of the photographs or slides by appellant (The trial court held in its findings against The Fair, Inc. that the photographic slides were not published by appellant by delivering them to The Fair, Inc. without notice of copyright affixed thereon), The Fair, Inc.'s delivery of appellant's photographic slides to Vance-Mathews, Incorporated was not a delivery of an "authorized" copy having no copyright notice thereon.

In determining whether there is an innocent infringement under 17 U.S.C. 405(b), the operative words of the statute are (1) any person who innocently infringes a copyright, (2) in reliance upon an authorized copy or phonorecord from which the copyright notice has been omitted, and (3) if such person proves that he or she was misled by the omission of notice.

Here, Vance-Mathews, Incorporated committed the acts of infringement, i.e. producing and televising the infringing advertisements, for hire. It was paid to commit the infringement and cannot claim innocence. The acts were willful. Vance-Mathews, Incorporated did not act in reliance upon an authorized copy or phonorecord from which the copyright notice was omitted. The trial court held that

Vane's delivery to The Fair, Inc. was not a publication of the photographic slides. The subsequent publication, without copyright notice, by The Fair, Inc. was not an authorized publication as defined by the statute. Hence, Vance-Mathews, Incorporated was not misled by the omission of copyright notice from appellant's slides. Finally, there was no evidence in the case whatsoever that Vance-Mathews, Incorporated was misled by seeing any authorized copy of appellant's photographs which omitted the copyright notice.

The Fifth Circuit Court of Appeals, in holding that Vance-Mathews was an innocent infringer, quoted 17 USC 405(b) and then stated that the Copyright Act defines "copies" as "material objects" and that "copies"

includes the original object. This holding overlooks the fact that 17 USC 405(b) refers to "authorized copies" not "copies." 17 USC 405, in general, refers to the effect of omission of the copyright notice from "publicly distributed copies." The term "authorized copies" must therefore refer to publications. Consequently, Vance-Mathews may have been misled by the absence of a copyright notice on the slides, but the lack of notice was not on an "authorized copy" and therefore 17 USC 405(b) does not apply.

In this case, the defense of innocent infringement set forth in 17 USC 405(b), if applicable, would not insulate Vance-Mathews' from liability as a joint infringer with The Fair, Inc. with whom it cooperated, and through which it profited, in carrying

out the infringement. Joint infringers (principal and agent are joint infringers) are jointly and severally liable for copyright infringement. Sygma Photo News, Inc. v. High Society 778 F(2d) 89 (2nd Cir. 1985). Even if Vance-Mathews were an "innocent infringer," it would still be liable for its joint infringement with The Fair in televising the infringing commercials.

CONCLUSION

For the foregoing reasons, petitioner respectfully submits that the petition for writ of certiorari in this case should be granted.

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Attorney for Appellant,
Estate of Dean M. Vane

CERTIFICATE OF SERVICE

I hereby certify that I have this day, the __day of October, 1988, caused to be mailed, via U.S. Postal Service, first class postage prepaid, three copies of the above and foregoing Petition for Writ of Certiorari to the Court of Appeals for the Fifth Circuit to each of the counsel of record as follows: the 26th day of July, 1988.

_____

Dana A. LeJune

EXHIBIT A

ESTATE OF VANE v. THE FAIR, INC.

ESTATE OF Dean M. VANE, Richard J. Vane, Executor substituted in place and stead of Dean M. Vane, Deceased, Plaintiff-Appellant Cross-Appellee.

v.

THE FAIR, INC., Defendant-Appellee, Cross-Appellant.

Vance-Mathews, Incorporated, Defendant-Appellee.

No. 87-2757.

United States Court of Appeals, Fifth Circuit

July 14, 1988

Photographer brought action against department store and advertiser for infringement of copyright in

connection with use of photographic slides in television advertising. The United States District Court for the Eastern District of Texas, A. Joe Fisher, J., 676 F.Supp. 133, entered judgment in favor of photographer with respect to infringement claim against department store, but found that advertiser was innocent infringer and limited amount of damages to value of slides. Photographer appealed. The Court of Appeals, Alvin B. Rubin, Circuit Judge, held that: (1) district court properly ruled that expert testimony presented by photographer was inadequate to establish department store's profits attributable to infringement, and (2) evidence supported finding that advertiser was innocent infringer.

Affirmed.

1. **Evidence -- 177,186(2), 520**

When financial records sufficiently detailed to show copyright infringer's sales are not available, expert testimony may be used to develop either such proof or proof of infringer's profits rather than its sales. 17 U.S.C.A. § 504(b).

2. **Evidence -- 571(1)**

Testimony of photographer's expert was inadequate to establish department store's profits attributable to copyright infringement resulting from store's use of photographic slides in television commercials; lump-sum figure for profits attributable to television commercials that contained copyrighted slides did not account for fact that infringed material constituted only fraction of any given commercial, and expert did not

take into account different elements of commercials in generating profits for infringer.

3. Copyright and Intellectual Property -- 83(3)

Evidence supported district court's finding that advertiser was innocent infringer with respect to copyrighted photographic slides used in television commercial for department store; president of advertiser testified that agency had no knowledge that slides were copyrighted, and evidence indicated that photographer had failed to affix any copyright mark or notice to slides he delivered to department store.

Appeals from the United States District Court for the Eastern District of Texas.

Before WISDOM, RUBIN, and JONES Circuit Judges.

ALVIN B. RUBIN, Circuit Judge:

The owner of an infringed copyright asks this court to increase the amount of damages awarded it by the district court and to find liability on the part of a co-defendant the district court held to have been an innocent infringer. We find that the district court did not err in failing to base the damage ward on those profits of the infringer allegedly attributable to the infringement because the infringer did not establish the amount of those profits, if any there were, and the court did not err in finding the co-defendant innocent. Accordingly, we affirm.

I.

The Fair, a chain of retail stores, hired photographer Dean Vane to prepare slides showing its merchandise with the stated purpose of using the slides in printed advertising material to be mailed to its customers. Later, however, The Fair hired Vance-Mathews, Inc., an advertising agency, to produce television commercials, which incorporated some of Vane's slides as well as a substantial amount of material from other sources. Several television stations aired the commercials. Vane brought an action based on copyright infringement against The Fair, asserting that his agreement with The Fair involved merely a license to use the slides to produce mailers and that he retained all other rights to the slides provided by copyright law. Vane also contended that Vane-Mathews,

the advertising agency that had produced the commercials, was liable as an infringer. The district court granted Vance-Mathews's motion for a directed verdict on the theory that Vance-Mathews was an innocent infringer and could therefore be liable only to the extent of profits it had gained through the infringement, of which there were none. The court held that The Fair was liable, and it awarded damages in the amount of $60,000, an amount representing the value of the use of the slides in the commercials. 676 F.Supp. 133. The court refused to make a damage award based on profits The Fair had accrued by virtue of the infringement; it found that the evidence was too speculative to support such an award. On appeal, Vane contends that the court erred in denying

an award based on The Fair's profits and in granting Vance-Mathews's motion for a directed verdict.

II.

In a copyright infringement action, the infringer is liable for either statutory damages or the copyright owner's actual damages together with any additional profits of the infringer that are attributable to the infringement.[1] Vane elected to seek actual damages and profits. The statute that authorizes this recovery also provides that in establishing the infringer's profits, the copyright owner need prove only the infringer's gross revenues, while the infringer must prove his deductible expenses and must show which elements of profits are attributable to sources other than the copyrighted work.[2]

Vane attempted through discovery to obtain financial records of The Fair that would enable him to satisfy his burden of proving The Fair's gross revenues attributable to the infringement, but the records were not detailed enough to show the amount received from the sales of particular items shown in the slides. Therefore Vane attempted to establish The Fair's gross revenues, and ultimately its profits, by introducing as an expert witness Dr. Herbert Lyon, Professor of Marketing at the University of Houston's College of Business Administration. Dr. Lyon testified that he had conducted a multiple regression analysis designed to show how much each dollar The Fair spent on television advertising would yield in sales. Dr. Lyon examined monthly data, including profit-and-loss statements and summar-

ies of media costs over a five-year period. He calculated that The Fair sold approximately $25.60 in merchandise for every dollar it spent on television advertising. He multiplied $25.60 by the number of dollars The Fair spent on the infringing television commercials to yield a gross revenue figure, then deducted certain costs to The Fair, including the actual cost that The Fair had paid for the merchandise it sold, transportation charges for getting the merchandise to the stores, a 3% allowance for pilferage, and some other direct operating expenses. After adjusting the resulting figure for inflation, Dr. Lyon concluded that The Fair's profits attributable to its infringement of Vane's slides exceeded $694,000. The district court held that Vane had not brought forth sufficient proof of The

Fair's profits and refused to award damages based on Dr. Lyon's calculations.

1. 17 U.S.C. § 504 (1982).

2. Id. § 504(b) (1982).

[1,2] When financial records sufficiently detailed to show an infringer's sales are not available, expert testimony may be used to develop either such proof[3] or, as Vane attempted, proof of its profits rather than its sales. But it is the trial court's role to evaluate this testimony.[4] The trail court in this case concluded, with ample basis, that the testimony introduced was inadequate to establish The Fair's profits attributable to the infringement.

3. Shipiro Bernstein & Co. v. Remington Records, Inc., 265 F.2d 263m 266-72 (2d Cir. 1959).

4. See, e.g., Equal Employment Opportunity Comm'n v. Datapoint Corp., 570 F.2d 1264, 1269-70 (5th Cir.1978).

In conducting his analysis, Dr. Lyon took into account a variety of factors designed to refine his calculations. For instance, his model purported to consider seasonal sales trends, specifically the pre-Christmas boom in sales; the downward economic trend in the Houston area in the early 1980's; and the carryover effect by which an advertisement continues to contribute to some sales long after its initial airing. By taking such factors into account, Dr. Lyon testified, he attempted to produce a model that would analyze with the greatest possible precision the relationship between advertising dollars spent and resulting profits.

Cross-examination, however, brought to light a number of potential shortcomings in this analysis. Dr. Lyon's model yielded only a lump-sum figure for profits attributable to the television commercials that contained infringed material as a whole without accounting for the fact that the infringed material constituted only a fraction of any given commercial. Some portion of the profits may have been attributable to the infringement, but much of the profits must be attributed to non-infringing aspects of the commercials. Testimony at trial showed from three perspective why the use of an undifferentiated figure does not convincingly establish what profits are attributable to the infringement.

First, the cost of slides used in a commercial is only one of may expenses involved. The single figure

for "dollars spent on television advertising" must be composed of lesser expenditures for a variety of goods and services: photographs used in the commercial, fees paid to the producer of the commercial, and air time or showing the commercial, to name a few. If, for instance, 50% of the cost to someone airing a commercial went to television stations to pay for air time, another 30% went to the producer, and 20% went to purchase ten slides used in the commercial, which also used five infringed slides, then it would be wholly illogical to treat the entire profits derived from airing the commercial as attributable to the five infringed slides. Yet this is, in essence, what Vane asked the district court to do. Dr. Lyon testified that he had adjusted the sales figures his model yielded to account for air time

and production costs, but neither his testimony nor the computer printouts introduced as an exhibit make clear what this adjustment was. Even if Dr. Lyon's analysis accurately showed the relationship between dollars spent on advertising and profits yielded, it did not show the relationship between the dollars that should have been spent on the rights to use Vane's slides and the total television advertising costs. Evidence of this relationship might have provided a basis for showing what portion of the profits the commercials yielded were attributable to the infringement.

Second, the infringed slides appeared during only part of the time the commercials were on the air. Vane testified that the general format of the commercials in question consisted of a "trailer" or introductory film

segment setting forth a theme for the commercial, followed by a segment featuring various items of merchandise, concluding with another brief trailer. To the extent that Vane's slides appeared in the commercials, they appeared only in the middle segments, never in the trailers. Moreover, the middle segments that contained infringed slides also contained noninfringed slides. If only eight seconds of a thirty-second commercial contained infringed slides, it would be irrational to believe that all the profits the commercial brought in were due to those slides.

Third, Dr. Lyon's model did not purport to show the relative importance of different elements of the commercials in generating profits for The Fair. On cross-examination, counsel for The Fair asked Dr. Lyon:

> If we take your figures that are given here of some $600,000 that you say are attributable to the TV advertising dollar, do you express any opinion as to what percentage of that should be attributable to Mr. Vane's slides as contrasted to work product of Vance-Mathews in putting the commercials together?

Dr. Lyon responded:

> No, sir.... I'm simply looking at the revenue or gross revenues generated by those ads. I did not look at the ads specifically. I don't think--I mean, I thought of that issue, but I don't think it can be answered.

Photographs of particular items featured in commercials doubtless play a role in producing sales, but, we assume, so do such aspects of the commercials as text of the voice-overs, general slogans or phrases promoting the store itself, and overally concept of the commercial's message. Vane himself described the trailers that introduced the commercials as "a very nice attention-getting device, which

is the first responsibility of an ad." Dr. Lyon admitted on cross-examination that the carryover benefit of an advertisement promoting a particular sales event, such as a Father's Day or an Easter sale, would probably be achieved primarily because the advertisement promoted name recognition of the store, that was holding the sale. But Dr. Lyon's model did not show what part of the Fair's profits should be attributed to these factors rather than to the use of the infringed slides.

By pointing to these problems in Dr. Lyon's analysis, we do not suggest that a calculation based on a mathematical formula involving the ratio of fair cost of infringed material to entire cost of commercial, or length of air time of infringed material to

length of entire commercial, would be the only means of showing profits. The question will often be highly fact-specific. We merely hold that it was not error for the district court to reject this attempt to show revenues attributable to the infringement as speculative.

III.

[3] The district court orally granted Vance-Mathews's motion for a directed verdict and later rendered judgment in favor of Vance-Mathews "for the reasons announced by the Court at that time." Although the district court did not specifically state the statutory authority for its grant of the motion, we affirm on the basis that Vance-Mathews was an innocent infringer as defined by 17 U.S.C.

§ 405(b) (1982). That section states, in relevant part:

> Any person who innocently infringes a copyright, in reliance upon an authorized copy or phono record from which the copyright notice has been omitted, incurs no liability for actual or statutory damages under Section 504 [17 U.S.C. § 504] for any infringing acts before receiving actual notice that registration for the work has been made under Section 408 (17 U.S.C. § 408], if such person proves that he or she was misled by the omission of notice.

The Copyright Act defines "copies" as "material objects" ... in which a work is fixed"[5] and provides that "[t]he term 'copies' includes the material object ... in which the work is first fixed."[6]

5. 17 U.S.C. § 101 (1982).

6. Id.

Vance-Mathews raised the defense of innocent infringement in its First Amended Original Answer and relied on

§ 405(b) in its argument in support of its motion for a directed verdict. At trial, the president of Vance-Mathews testified that the agency had no knowledge that the slides were copyrighted, or that anyone claimed that they were copyrighted, or that the slides belonged to anyone other than The Fair. He also stated that if the slides had borne a notice of copyright, the agency would have checked with The Fair to see whether use of the slides in a commercial posed any problems. A senior vice-president of The Fair testified that none of the slides or photographs it received from Vane bore any copyright markings, nor did Vane attempt to have copyright markings affixed after he delivered the materials to The Fair. He further testified that at the time The Fair turned the slides over to Vance-

Mathews, none of them bore copyright markings.

Although Vane testified that it was his practice to stamp slides with an indication of his copyright before sending them to clients, he acknowledged that "some could have slipped through, I suppose, considering the volume of slides I tendered." At trial, counsel for The Fair presented Vane with 58 boxes of slides of his work as well as a number of black-and white photographs that Vane had previously delivered to The Fair. Vane testified that if they were originals rather than copies of his slides and photographs, he would expect them to bear his copyright mark, but after inspecting them, he failed to identify a single slide or photograph that bore notice of copyright.

In this non-jury trial, it was the judge's role to resolve any conflicting inferences arising from witnesses' testimony. Both Vance-Mathews executives testified unequivocally that the slides they received were not marked, and its president further testified that the agency would have inquired about ownership of rights to the slides if they had been so marked. The district court obviously chose to credit the testimony of the Vance-Mathews witnesses, because it entered a finding of fact that Vane failed to affix any copyright mark or notice to the slides he delivered to The Fair. The evidence was, therefore, sufficient to allow the court to grant Vance-Mathews's motion for a directed verdict on the theory that it was an innocent infringer misled by the omission of notice of copyright.

For these reasons, we AFFIRM.

IN THE UNITED STATES COURT OF APPEALS

FOR THE FIFTH CIRCUIT

No. 87-2757

ESTATE OF DEAN M. VANE, RICHARD J. VANE, Executor, Substituted in place and stead of Dean M. Vane, Deceased,

Plaintiff-Appellant
Cross-Appellee,

versus

THE FAIR, INC.

Defendant-Appellee
Cross-Appellant,

and

VANCE-MATTHEWS, INC.,

Defendant-Appellee.

Appeal from the United States District Court for the Eastern District of Texas

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ON PETITION FOR REHEARING

(August 11, 1988)

Before WISDOM, RUBIN and JONES, Circuit Judges.

PER CURIAM:

IT IS ORDERED that the petition for rehearing filed in the above entitled and numbered cause be and the same is hereby denied.

CLERK'S NOTE:

SEE FRAP AND LOCAL RULES 41 FOR STAY OF THE MANDATE.

ENTERED FOR THE COURT:

_____

United States Circuit Judge

IN THE UNITED STATES DISTRICT COURT

FOR THE EASTERN DISTRICT OF TEXAS

BEAUMONT DIVISION

DEAN M. VANE	*	
	*	
VS.	*	CIVIL ACTION NO.
	*	B-84-1267-CA
	*	
THE FAIR, INC.	*	
AND	*	
VANCE-MATHEWS, INC.	*	

FINAL JUDGMENT

Came on for trial the above-captioned cause, and in Accordance with the Findings of fact and Conclusions of Law entered by the Court on this

date, Judgment is hereby rendered in favor of Plaintiff, DEAN M. VANE, and against Defendant, THE FAIR, INC., in the amount of Sixty Thousand ($60,000.00) Dollars.

Additionally, it is ORDERED that Defendant, THE FAIR, INC., be and hereby is ENJOINED from further infringement of Plaintiff's copyright in the slides, and Defendant, THE FAIR, INC., shall return to Plaintiff any slides or copies of the slides still in its possession.

Reference is hereby made to the Court's oral granting of Defendant, VANCE-MATHEWS, INC.'S Motion for Directed Verdict made at the close of Plaintiff's case-in-chief. Pursuant to the granting of said motion and for the reasons announced by the Court at

that time, Judgment is rendered in favor of VANCE-MATHEWS, INC., and Plaintiff's claims against Defendant, VANCE-MATHEWS, INC., are dismissed with prejudice.

All costs of court are taxed against Defendant, THE FAIR, INC., and all relief not specifically granted herein is hereby DENIED.

SIGNED AND ENTERED this 9 day of June, 1988.

_____

UNITED STATES DISTRICT JUDGE

IN THE UNITED STATES DISTRICT COURT

FOR THE EASTERN DISTRICT OF TEXAS

BEAUMONT DIVISION

DEAN M. VANE	*	
	*	
VS.	*	CIVIL ACTION NO.
	*	B-84-1267-CA
	*	
THE FAIR, INC.,	*	
ET AL	*	

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FINDINGS OF FACT AND CONCLUSIONS OF LAW

The above-entitled and numbered cause came on for trial, and the court having considered the pleadings, having heard the testimony and determined the credibility of witnesses, having examined physical exhibits and studied post-trial submissions of the parties, and all of the evidence, and having heard the arguments and reviewed the briefs of counsel, now makes the following Findings of Fact and Conclusions of Law pursuant to Rule 52, Federal Rules of Civil Procedure. If any Finding of Fact should be construed as a Conclusion of Law, it is to be so considered; and should any Conclusion of Law be construed as a Finding of Fact, it is to be so considered.

FINDINGS OF FACT

1.

The Plaintiff, Dean M. Vane, is a citizen of the United States and a resident of the State of Texas. The Defendant, The Fair, Inc., is incorporated under the laws of the State of Texas.

2.

Plaintiff, a commercial photographer, was requested by Defendant to bid on taking photographs for Defendant, which were to be used in advertising mailers. Plaintiff was retained by Defendant for the purpose of taking such pictures for their limited use in mailers. There was no written agreement or employment contract between Plaintiff and Defendant.

During the period from about March 1, 1983 to May 31, 1984, Plaintiff took a series of slides and photographs (hereinafter referred to as slides) for Defendant to be used in, several special occasion and non-special occasion mailers. While employees of Defendant involved in advertising were present during the photo-sessions and periodically made suggestions as to the work being done, Defendant did not have the contractual right to supervise and direct, nor did it supervise and direct, Plaintiff's photography work. More specifically, Plaintiff selected and posed the models, and provided his own materials. Plaintiff was charged with producing the desired photographic result requested by Defendant, but had full

discretion as to the means by which the result was to be obtained.

4.

Plaintiff delivered the slides to Defendant, but failed to affix any copyright mark or notice to the slides so delivered. Per the unwritten agreement between the parties, Defendant paid Plaintiff for the Photographs. As evidenced by the testimony and by the invoices submitted to Defendant by Plaintiff, Plaintiff was compensated for Defendant's limited use of such slides in mailers.

5.

Defendant reproduced the slides in advertising mailers which were distributed to the public. The slides

which appeared in the mailers bore no copyright notice.

6.

Defendant used some of Plaintiff's slides in television advertising from late 1983 until the summer of 1984 without notifying Plaintiff of such use, without permission from Plaintiff, and without compensating Plaintiff for such use. On first learning of these facts, sometime in the summer of 1984, Plaintiff protested the unauthorized use of the slides in such television advertising by Defendant, and demanded compensation for such unauthorized use.

7.

On December 3, 1984, Plaintiff filed applications with the United

States Copyright Office to register his copyright in the slides which were used in mailers, and some of which were used in television advertisements by Defendant. Proper procedures were followed and, in due course, the Copyright Office issued the registrations as Copyright Registration Nos. VAu74-807 and VAu74-808. A subsequent Registration No. VAu88-770 was obtained for additional slides found to have been used in the television advertisements. The applications were made by Plaintiff for unpublished photographs because the question of whether the photographs were ever "published," as that term is defined in the copyright law, was in question at the time the registrations were applied for.

8.

The value of the slides taken by Plaintiff and used by Defendant in television advertisements without the permission of Plaintiff, in addition to the value of such slides for their use in the mailers, is Sixty Thousand ($60,000.00) Dollars.

9.

Plaintiff has failed to prove that Defendant made any profits which are attributable to slides taken by Plaintiff and used by Defendant in television commercials. More specifically, Plaintiff has failed to present adequate proof of Defendant's gross revenues, if any, attributable to Defendant's use of the slides in the television commercials, the evi-

dence presented by Plaintiff on this issue being totally speculative.

10.

Plaintiff brought suit against Defendant for copyright infringement claiming (a) damages in the amount of his lost revenue for the use of his slides in television advertisements, (b) the profits of Defendant attributable to the alleged copyright infringement, (c) an injunction against further copyright infringement by Defendant, and (d) destruction of any remaining infringing copies.

CONCLUSIONS OF LAW

I.

This action arises under the Copyright Act of 1976, 17 U.S.C. §§

101, et seq., and this Court has subject matter jurisdiction pursuant to 28 U.S.C. §1338(a). Venue is proper pursuant to 28 U.S.C. § 1400(a).

II.

Plaintiff introduced into evidence certificates of copyright registration Nos. VAu74-807, VAu74-808, and VAu88-770 issued by the United States Copyright Office. The certificates of registration are prima facie evidence of Plaintiff's copyright in the slides in controversy. 17 U.S.C. § 410(c). Plaintiff had valid copyright registrations in all the works (slides) used by Defendant without his permission at the time of the trial of this cause.

III.

Plaintiff was not an employee of Defendant, but was rather an independent contractor during the period of time that he created the works (slides) made the basis of this suit. Also, Plaintiff's slides were not "work[s] specially ordered or commissioned" within the purview of 17 U.S.C. § 101. Consequently, Plaintiff's slides in controversy are not "works made for hire" within the meaning of the Copyright Act of 1976. Easter Seal Soc. v. Playboy Enterprises, 815 F.2d 323 (5th Cir. 1987).

IV.

Plaintiff did not publish the slides in question, but only delivered them to the Defendant, and Defendant

first published the slides in the form of mailers. Consequently, Defendant's contention that Plaintiff failed to affix notice of copyright to the copies of the slides, and thereby forfeited his right to the copyright, fails as a matter of law. In the alternative, should Plaintiff be held to have published his slides by virtue of Defendant's use of such slides in the mailers, Plaintiff's copyright in the slides is nevertheless valid because registration for the slides was made within five (5) years after the publication without notice, and Plaintiff made a reasonable effort to add notice to all copies of the slides that were distributed to the public in the United States, after omission was discovered, all in satisfaction of 17 U.S.C. § 405(a)(2).

V.

There has been no showing by Defendant of scienter on the part of Plaintiff or his counsel in the filing of the copyright registrations. Original Appalachian Artworks, Inc. v. Toy Loft, 684 F.2d 821 (11th Cir. 1982). Therefore, Plaintiff's failure to advise the Copyright Office on Section 3 of the Applications for Copyright Registrations of Defendant's publication of the slides in the mailers does not invalidate Plaintiff's copyright in the slides.

VI.

Plaintiff's delivery of the slides to Defendant for use in the mailers was not a publication of the slides and no copyright notice was required.

Moreover, Defendant was at all times aware that its use of the slides was limited to mailers per the agreement between the parties. Consequently, Defendant was not misled by an omission of notice from Plaintiff's slides, and Defendant is not an innocent infringer within the purview of 17 U.S.C. § 405(b).

VII.

Plaintiff owns valid copyright registration Nos. VAu74-807, VAu74-808 and VAu88-770, and those registrations have been infringed by Defendant's use of Plaintiff's slides in television advertising.

VIII.

Plaintiff suffered Sixty Thousand ($60,000.00) Dollars in actual damages

as a result of Defendant's infringement of his copyright in the slides, and is entitled to recover the same.

IX.

Plaintiff has failed to present sufficient proof of Defendant's gross revenue, if any, attributable to Defendant's infringement. Consequently, Defendant is relieved of proving its deductible expenses and the elements of profit attributable to factors other than the copyrighted works. Plaintiff is therefore not entitled to any profits of Defendant that are attributable to the Defendant's infringement, as allowed by 17 U.S.C. § 504(b).

In accordance with the foregoing, it is hereby ORDERED, ADJUDGED and

DECREED that Judgment is GRANTED in favor of Plaintiff and against Defendant in the amount of Sixty Thousand ($60,000.00) Dollars. It is further ORDERED that Defendant be and is hereby enjoined from further infringement of Plaintiff's copyright in the slides, and Defendant shall return to Plaintiff any slides or copies of the slides still in its possession. All other relief not specifically granted herein is DENIED.

SIGNED AND ENTERED this 9 day of June, 1987.

_____

UNITED STATES DISTRICT JUDGE